

TIMBERGATE HOMEOWNERS ASSOCIATION, INC.

C/O LJ Services Property Management Company

P. O. Box 6406 Katy, Texas 77491-6406

**RESOLUTION ADOPTING FINE SYSTEM FOR MAINTENANCE FEE
COLLECTION**

WHEREAS, the Board of Directors of the Timbergate Homeowners Association, Inc. (the "Association"), held a Board of Directors meeting on __July 20, 2004__; and

WHEREAS, the Board of Directors determined that it had a fiduciary duty to the membership to ensure that the community's deed restrictions are strictly enforced; and

WHEREAS, the Board of Directors further determined that this duty must, necessarily, be conducted in a reasonable and balanced manner with regard to both community and individual homeowner interests; and

WHEREAS, the Board of Directors further determined that, before turning such matters over to the Association's legal counsel, a fine system could be used to help prompt homeowner compliance without incurring the greater expense associated with legal action; and

WHEREAS, the Board of Directors determined that adoption of such a policy would be consistent with the powers vested in the Association pursuant to, *inter alia*, Texas Property Code 204.010 (a)(13),(20),(21) and Texas Non-Profit Corporation Act Art. 1396-2.02 (15); and

WHEREAS, a proposal was made to the Board of Directors to implement such a fine system whereby a fine would be assessed to a lot owners assessment account; and

WHEREAS, a proposal was made that the fines levied should be designed to recover the costs expended by the Association through its initial steps of maintenance fee collection; and

WHEREAS, a proposal was made that the initial fine for maintenance fee delinquency past February 1st of each year should be fifty dollars (\$50.00); and

WHEREAS, during the course of business, a vote of the Board of Directors was taken to approve adoption of the proposed policy pursuant to Art. VII, Section 2(c), of the Association's Bylaws; and

WHEREAS, upon review of the votes cast for the above proposal, it was determined that the above-listed policy for deed restriction enforcement was passed by a vote of the Board of Directors; NOW, THEREFORE,

BE IT RESOLVED, that the Association, acting by and through its Board of Directors, shall adopt the aforementioned fine system whereby failure to pay any year's maintenance assessment by February 1st shall result in a fifty dollar (\$50.00) fine being levied against such owner's assessment account.

BE IT FURTHER RESOLVED, that the Board may increase this fine as the needs of the community dictate.

BE IT FURTHER RESOLVED, that the enforcement procedure hereby adopted be published to the membership through circulation of the community newsletter.

The resolution was adopted by the Board of Directors on __July 20, 2004. IN WITNESS WHEREOF, the undersigned have executed this Resolution the _17th_ day of _August_, 2004.